

# OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL REGULATORY COMMISSION

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In the Matter of: )

RATE AND SERVICE CHANGES TO )  
IMPLEMENT BASELINE NEGOTIATED )  
SERVICE AGREEMENT WITH LIFE )  
LINE SCREENING )

Docket No.: MC2007-5

POSTAL REGULATORY  
COMMISSION  
OFFICE OF THE SECRETARY

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BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Rate and Service Changes to  
Implement Baseline Negotiated  
Service Agreement with Life Line  
Screening

Docket No. MC2007-5

DESIGNATION OF WRITTEN CROSS-EXAMINATION

Party

Interrogatories

**Life Line Screening**

**Eric Greenberg (LLS-T-1)**

American Postal Workers Union,  
AFL-CIO

Office of the Consumer Advocate

Postal Regulatory Commission

(Formerly Postal Rate Commission)

APWU/LLS-T1-1, 3-7

APWU/USPS-T1-7 redirected to LLS-T1

OCA/LLS-T1-1-11

PRC/LLS-T1-CIR No.1 - Q1, - Q3

**United States Postal Service**

**Michelle K. Yorgey (USPS-T-1)**

American Postal Workers Union,  
AFL-CIO

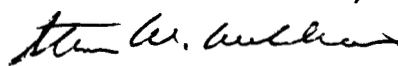
Office of the Consumer Advocate

APWU/USPS-T1-1, 3-6, 8

OCA/USPS-T1-4

OCA/USPS-T1-1-5

Respectfully  
submitted,



Steven W. Williams  
Secretary

INTERROGATORY RESPONSES  
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

**Life Line Screening**

**Eric Greenberg (LLS-T-1)**

APWU/LLS-T1-1	APWU
APWU/LLS-T1-3	APWU
APWU/LLS-T1-4	APWU
APWU/LLS-T1-5	APWU
APWU/LLS-T1-6	APWU
APWU/LLS-T1-7	APWU
APWU/USPS-T1-7 redirected to LLS-T1	APWU
OCA/LLS-T1-1	OCA
OCA/LLS-T1-2	OCA
OCA/LLS-T1-3	OCA
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OCA/LLS-T1-5	OCA
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OCA/LLS-T1-7	OCA
OCA/LLS-T1-8	OCA
OCA/LLS-T1-9	OCA
OCA/LLS-T1-10	OCA
OCA/LLS-T1-11	OCA
PRC/LLS-T1-CIR No.1 - Q1	PRC
PRC/LLS-T1-CIR No.1 - Q2	PRC
PRC/LLS-T1-CIR No.1 - Q3	PRC

**United States Postal Service**

**Michelle K. Yorgey (USPS-T-1)**

APWU/USPS-T1-1	APWU
APWU/USPS-T1-3	APWU
APWU/USPS-T1-4	APWU
APWU/USPS-T1-5	APWU
APWU/USPS-T1-6	APWU
APWU/USPS-T1-8	APWU

Interrogatory

OCA/USPS-T1-1  
OCA/USPS-T1-2  
OCA/USPS-T1-3  
OCA/USPS-T1-4  
OCA/USPS-T1-5

Designating Parties

OCA  
OCA  
OCA  
APWU, OCA  
OCA

**MC2007-5**

**Life Line Screening**

**Eric Greenberg  
(LLS-T-1)**

**APWU/LLS-T1-1** On page 7 of your testimony you state that "[v]ery little growth in screening events is expected to take place in 2008 and beyond because we will already have teams in all 48 continental US states. "

- a) Since your teams screen only within a 2-3 hour radius of their "home" base, doesn't this leave a relatively large part of the country for eventual expansion?
- b) What sort of demographic and population density characteristics are you seeking to serve?
- c) Are you planning on adding any new screening teams during the proposed period of this NSA?

**Response:**

- a) No. Life Line covers all U.S. territory that Life Line has determined to be economically attractive to operate in. In some cases we have "seasonal" van teams that actually travel across several states for a few months at a time so that we can reach less populated states such as Wyoming and the Dakotas. Each screening event also pulls from a geographic radius of population around the event that people are willing to travel to. In some instances, Life Line visits a given zip code only once a year; in others Life Line visits it multiple times in a 12 month period.
- b) A variety of characteristics are important, not the least of which is our historical ability to draw enough customers through our existing marketing channels to cover the fixed costs of operating a screening event in a given location on a given day. Customer counts are affected by age, income, education, gender, propensity to respond do different marketing channels, our ability to target likely prospects, and several other factors.
- c) Life Line has no plans for new U.S. ultrasound teams at this time.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE AMERICAN POSTAL WORKERS UNION

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**APWU/LLS-T1-3** Does Life Line use repositionable notes on all of its solicitation letters or only on some of them? Does it plan on using repositionable notes on the expanded mailings it will do if this NSA is approved?

**Response:** Only some of Life Line's solicitation mail uses RPNs. Some of the additional mail resulting from the NSA will likely use RPNs. Life Line Screening's use of RPNs is completely tied to its profitability and effectiveness as a marketing tool.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE AMERICAN POSTAL WORKERS UNION

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**APWU/LLS-T1-4** What sort of price increases have you experienced for your web, e-mail, radio, newspaper inserts and television advertising in the past two years?

**Response:** Newspaper inserts have had no price increases to speak of over the last 3-4 years. Our media costs per unit in email and radio have declined as we have increased our scale of advertising. Our experience with television is not extensive enough to answer this question.



RESPONSE OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE APWU (APWU/LLS-T1-5).

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**APWU/LLS-T1-5** You mention that Life Line has been doing screenings since 1996 but that it only began using direct mail in 2003. What was your primary method of gaining new customers prior to 2003?

**Response:** Newspaper inserts, public relations, field sales force, and radio.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE AMERICAN POSTAL WORKERS UNION

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**APWU/LLS-T1-6** What percentage of your screenings is for people who have never been screened by you before and what percentage is for repeat customers? How frequently should a person have a Life Line screening?

**Response:** We don't have separate screening events for previous customers versus first time customers. They all come to the same event. The frequency of screening has nothing to do with Life Line's marketing and promotional programs and varies depending on a number of factors including an individual's age, risk factors, and medical history.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE AMERICAN POSTAL WORKERS UNION

**APWU/LLS-T1-7** Have you seen any changes in the response rate to e-mail over the past few years as spam blockers have become more prevalent?

**Response:** We have only started using email heavily in the last 12-18 months, and only within the last 3-6 months have we begun using tools that indicate delivery and openability information. We do not have enough data to have a perspective on how spam blocker usage has changed over time.

REDIRECTED RESPONSE OF LIFE LINE WITNESS GREENBERG TO  
INTERROGATORY OF THE APWU (APWU/USPS-T1-7)

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**APWU/USPS-T1-7.** In your response to APWU/USPS-T1-5 you indicate that Life Line Screening has informed the Postal Service that it will discontinue operations of six of its vans in early 2008. Was that the main reason for the original estimate of a 6 million piece decline in its base line estimates between 2007 and 2008?

**RESPONSE:**

No. At the time the base line estimates were provided, we assumed that there would be no new vans added in 2008 – but no reductions either. The decision to discontinue six vans was made in the fourth quarter of this year.

In our original filing (see page 10), we assumed a reduction in absolute mail volumes and mail volumes per screening absent an NSA because:

- (1) Life Line Screening is actively investing in alternative marketing channels.
- (2) Direct mail costs continue to rise, reducing direct mail profitability.
- (3) Life Line Screening planned to implement statistical suppression models.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-1.** Please confirm that the full name of your employer is Life Line Screening of America Ltd, registered in Ohio as a limited liability company. If you do not confirm, please explain any and all differences between "Life Line Screening of America" and "Life Line Screening of America Ltd".

**Response:**

Confirmed.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-2.** Please confirm that Life Line Screening of America Ltd has never made a filing with the SEC. If you do not confirm, please provide a copy of the most recent SEC filing.

**Response:**

Confirmed.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-3.** At page 3, lines 12-17, of your testimony, you discuss the effect of adding an ultrasound team to Washington, DC. Is Life Line Screening of America Ltd currently registered to do business in the District of Columbia? If not, state the calendar year in which Life Line Screening of America Ltd expects to commence doing business in the District of Columbia.

**Response:**

Yes.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-4.** Please define and give examples of "affinity partners" as that term is used at page 8, line 15, of your testimony.

- a. Is Memorial Hermann System of Houston, Texas, an affinity partner?  
("Memorial Hermann System and Life Line Screening Partner to Promote Healthier Communities in Houston Area"  
<http://www.memorialhermann.org/newsroom.060807.htm>) If not, please describe the relationship between Life Line Screening of America Ltd and Memorial Hermann System.
- b. Is Life Line Screening, as used in the quotation above, the same entity as Life Line Screening of America Ltd? If not, please explain any and all differences between "Life Line Screening" and "Life Line Screening of America Ltd".
- c. Has the relationship with Memorial Hermann System caused an increase in Life Line Screening of America Ltd's volume of letter-shaped Standard Mail? If so, by how much. If not, why not?

**Response:**

An "affinity partner" is someone that partners with Life Line to offer screenings to their customers or members. Example would be associations of realtors, engineers, or other professionals.

- a. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.
- b. Yes.
- c. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.



RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-5.** During calendar year 2007, how many affinity partners has Life Line Screening of America Ltd acquired?

- a. How has the acquisition of affinity partners during calendar year 2007 affected Life Line Screening of America Ltd's volume of letter-shaped Standard Mail?
- b. Please confirm that the website of Life Line Screening of America Ltd makes the following statement: "These partnerships demonstrate the credibility of our organization and provide us the access to market *o'ur* services in a much broader arena." <http://www.lifelinescreening.com.Partnerships/Pages/Index.aspx> (emphasis added).
- c. Please confirm that Life Line Screening of America Ltd will not seek affinity partners or other partnerships during the period of calendar years 2008-2010. If you do not confirm, please explain.

**Response:**

Life Line will provide a response to the first sentence of this request under seal pursuant to the Commission's Order No. 36.

a. The more affinity partners that Life Line has that want Life Line to mail to their customers or members, the more mail Life Line will send. We do not have specific figures related to the relationship between affinity partners and mail volumes.

b. Confirmed.

c. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-6.** During the effective period of the NSA, how many affinity partners does Life Line Screening of America Ltd expect to acquire? How will the acquisition of affinity partners during the effective period of the NSA affect Life Line Screening of America Ltd's volume of letter-shaped Standard Mail?

**Response:**

Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-7.** Please define and give examples of "major US market," as that term is used at page 6, lines 18-19, of your testimony.

- a. What was the last major US market that Life Line Screening of America Ltd entered?
- b. On what date did Life Line Screening of America Ltd commence operations in that major US market?
- c. How many major US markets are there?

**Response:**

Life Line has no standard or technical definition of "major US market." Life Line covers all 48 continental U.S. states with the exception of Kentucky and Arizona, which are run by franchises. We believe our screenings cover all geographical areas with sufficient population to warrant our attendance there.

- a. The most recent market Life Line entered was Des Moines, Iowa.
- b. Second Quarter of 2007.
- c. Life Line does not possess this information, and the question is unanswerable as "major US market" is not a technical term.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-8.** Please define and describe "ultrasound team," as that term is used at page 2, line 7, page 3, line 7, and page 6, line 17, of your testimony.

- a. As of December 31, 2006, how many ultrasound teams existed?
- b. As of August 31, 2007, how many ultrasound teams existed?
- c. Are all members of ultrasound teams employees of Life Line Screening of America Ltd?
- d. As of December 31, 2006, what was the total number of all employees of Life Line Screening of America Ltd?
- e. As of August 31, 2007, what was the total number of all employees of Life Line Screening of America Ltd?
- f. Have the employees of Life Line Screening of America Ltd been informed that the company will not grow during the period of calendar years 2008-2010? If not, why not?

**Response:**

An "ultrasound team" is a team of 4-6 ultrasound and medical technicians that performs Life Line's health screenings.

- a. 84
- b. 86
- c. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.
- d. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.
- e. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.
- f. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-9.** At page 7, lines 6-8, of your testimony, you state,

Very little growth in screening events is expected to take place in 2008 and beyond because we will already have teams in all 48 continental states. . . . Thus, in the absence of this NSA, significant direct mail volume growth is not anticipated, as the number of our screening events each year are not expected to increase substantially.

- a. Please list the states in which there is only one ultrasound team.
- b. How many ultra sound teams are in Arizona?
- c. Please confirm that four of the top thirty-five fastest growing US cities are in Arizona.  
([http://money.cnn.com/2007/06/27/real\\_estate/258\\_fastest\\_growing\\_cities/index.htm](http://money.cnn.com/2007/06/27/real_estate/258_fastest_growing_cities/index.htm)) If you do not confirm, please explain.
- d. How many ultrasound teams are in Texas?
- e. Please confirm that nine of the top thirty-five fastest growing US cities are in Texas.  
([http://money.cnn.com/2007/06/27/real\\_estate/258\\_fastest\\_growing\\_cities/index.htm](http://money.cnn.com/2007/06/27/real_estate/258_fastest_growing_cities/index.htm)). If you do not confirm, please explain.
- f. Please list the consolidated metropolitan statistical areas (CMSAs as defined by the US Census Bureau) in which there is more than one ultrasound team.
- g. Please list the CMSAs in which a new ultrasound team will be placed during calendar years 2008-2010.

**Response:**

- a. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.
- b. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.
- c. This information that is readily available to the OCA with a reasonable expenditure of effort.
- d. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

e. This information that is readily available to the OCA with a reasonable expenditure of effort.

f. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.

g. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-10.** Please confirm that Polaris Venture Partners holds an interest in Life Line Screening of America Ltd (<http://www.polarisventures.com/Portfolio/CompanyDetail.asp?CompanyID=14A39D7FD-7FB9-427D-99A6-586B0C7ABC69>)). If you do not confirm, please explain the appearance of Life Line Screening of America Ltd on the Polaris website.

- a. Please confirm that the Polaris website states, "We invest in seed, early stage, and high growth middle market companies."  
([http://www.polarisventures.com/WhoWeAre\\_MissionStrategy.asp](http://www.polarisventures.com/WhoWeAre_MissionStrategy.asp))
- b. At page 3, lines 19-20, of your testimony, you state, "[W]e have territorial coverage in all the places we need to be in." Please confirm that Life Line Screening of America Ltd will not be a high-growth company in the period 2008-2010. If you do not confirm, please explain.
- c. Please explain why Polaris would retain a stake in a company that expects flat growth over the next three years.

**Response:**

Confirmed.

- a. Confirmed.
- b. Not confirmed. Territorial coverage in the United States is not the only growth factor.
- c. Life Line cannot speak to Polaris's investment decisions.

RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/LLS-T1-11.** At page 2, line 23, through page 3, line 1, of your testimony, you state, "Our customers are typically aging baby boomers and senior citizens."

- a. At what age does one become an aging baby boomer?
- b. Is a retiree likely to be an aging baby boomer or senior citizen?
- c. How many people over the age of 60 live in Florida?
- d. How many ultrasound teams are in Florida?
- e. How many people over the age of 60 live in the New York City CMSA?
- f. How many ultrasound teams are in the New York City CMSA?
- g. How many people over the age of 60 live in Texas?
- h. How many ultrasound teams are in Texas?
- i. What state has the highest ratio of people over the age of 60 to ultrasound teams?
- j. What state has the lowest ratio of people over the age of 60 to ultrasound teams?
- k. Please explain why the difference in these ratios does not signal growth opportunities for Life Line Screening of America Ltd.

**Response:**

a. Life Line objects to this request as not reasonably calculated to lead to the discovery of admissible evidence.

b. Life Line objects to this request as not reasonably calculated to lead to the discovery of admissible evidence.

c. This information is readily available to the OCA from publicly available sources with a reasonable expenditure of effort.

d. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.

e. This information is readily available to the OCA from publicly available sources with a reasonable expenditure of effort.

f. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.



RESPONSES OF LIFE LINE WITNESS GREENBERG TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE

- g. This information is readily available to the OCA from publicly available sources with a reasonable expenditure of effort.
- h. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.
- i. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.
- j. Life Line will provide a response to this request under seal pursuant to the Commission's Order No. 36.
- k. The number of people over 60 is not the only relevant factor determining Life Line's growth opportunities in a given area.

RESPONSES OF WITNESS GREENBERG TO COMMISSION INFORMATION  
REQUEST NO.1

1. In USPS-T-1 at page 2, witness Yorgey defines solicitation mail as "letter-size Standard Mail...seeking customers in need of health care screening services." Does Life Line Screening use any First-Class Mail to solicit customers? If so, how much of this mail will convert to Standard Mail as a result of this NSA?

**Response:** Yes. A very small percentage (less than 5%) of our overall solicitation mail volume is sent first class. The NSA is not anticipated to change any of that mail from first class to standard mail.

RESPONSES OF WITNESS GREENBERG TO COMMISSION INFORMATION  
REQUEST NO.1

2. How much of Life Line Screening's before-rates Standard Mail volume will be sent to existing or current customers, and how much is expected to be sent to solicit new customers?

**Response:** More than 95% of our standard mail volume is currently sent to prospects.

RESPONSES OF WITNESS GREENBERG TO COMMISSION INFORMATION  
REQUEST NO.1

3. How much of Life Line Screening's after-rates Standard Mail volume will be sent to existing or current customers, and how much is expected to be sent to solicit new customers?

**Response:** I do not expect that mail volume to current customers to be significantly impacted by the NSA. It is mail to prospects that would likely increase as a result of an NSA. As a result, the current volume of mail sent to existing customers (less than 5%, see my response to Question 2) will only decrease as a proportional matter.

**MC2007-5**

**United States Postal Service**

**Michelle K. Yorgey  
(USPS-T-1)**

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

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**APWU/USPS-T1-1.** Please confirm that the volume forecast shown on page 2 of Appendix A skips from FY2006 to FY2008 and does not show FY2007 volume.

**RESPONSE:**

Confirmed.

**APWU/USPS-T1-3.** On pages 8-9 of your testimony, you state that "the Postal Service believes that Life Line's presentations of its plans are reasonable and are relied on to support the agreement." Please provide a more complete analysis and explanation of why you believe that a decline in excess of 6% can be expected in Life Line's volume between FY2007 and FY2008 and a further decline of 4% can be expected in its volume between FY2008 and FY2009 if this agreement is not approved

**RESPONSE:**

Life Line has projected a decline due to: 1) an increase in Standard Mail rates, 2) a decrease in the pace of geographic expansion, and 3) the movement to non-direct mail marketing channels. Specifically, witness Greenberg states the rate increases in 2006 and 2007 have made direct mail less attractive financially as a marketing tool. Witness Greenberg states other less expensive marketing channels are being explored as an acquisition tool. Additionally, now that Life Line Screening's screening teams have covered most of the country, there will be fewer mailings that announce Life Line Screening's expansion of its screening teams into new geographic areas. Please also see Appendix 1, USPS-T-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

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**APWU/USPS-T1-4.** If the Before Rates forecast of volume for 2008 through 2010 were equal to the 96,000,000 Mr. Greenberg is estimating for 2007, what impact would that have on your calculations?

**RESPONSE:**

If the Before Rates forecast for 2008-2010 were equal to 96 million, the impact on the calculations would change the total USPS value to \$0.6 million, \$1.1 million, and \$1.1 million, for Year 1, Year 2, and Year 3, respectively.



RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

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**APWU/USPS-T1-5** In your response to APWU/USPS-T1-2 you indicated that the 2007 actual volume for Lifeline would be available around mid-October. Please provide those data for the record.

**RESPONSE:**

The FY 2007 actual volume for Life Line Screening's Standard Mail solicitation letters was 106,267,407. This higher-than-expected volume for 2007 came about because Life Line Screening recently obtained its largest ever business development client, which caused an increase in mail volumes for August and September 2007. However, the Postal Service has been informed that Life Line Screening will be discontinuing operations on six of its vans in early 2008, which will correspond to a decrease of roughly six to seven million mail pieces in 2008.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

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**APWU/USPS-T1-6.** In your response to APWU/USPS-T1-5 you indicated that the actual 2007 volumes mailed by Life Line Screening were almost 11 percent above the original estimates for the year.

- a) When did the Postal Service become aware of the fact that the actual volume was going to be substantially above what was expected for the year?
- b) Did Life Line Screening ever discuss the expected impact this new business development partner would have on its mail volume in 2007 with the Postal Service?
- c) Has Life Line Screening provided the Postal Service with any estimates of the potential impact this new development partner might have on the base line volumes in other years?

**RESPONSE:**

- a. The Postal Service became aware of actual FY2007 volumes in late October.
- b. No, though the Postal Service had a general understanding that changes in business development partners could affect Life Line Screening's mail volume.
- c. No, other than indicating that the loss of six vans in early 2008 will offset the impact of the new business development partner.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

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**APWU/USPS-T1-8.** Given that some of the business assumptions used in the original financial analysis are now different, have you estimated the financial gains and losses for the Postal Service under the assumption that:

- a) Life Line Screening mails the same amount during the forecast period as it mailed in 2007?
- b) Has Life Line Screening provided a new baseline with which to evaluate this deal given the changes in its business that have recently taken place?
- c) If so, have you made new financial estimates using those projections and what do they show?
- d) If not, why hasn't the Postal Service requested such information since it seems circumstances would lead to an outcome different than the one the Postal Service assumed in its original calculations?

**RESPONSE:**

- a. If FY2007 volume is the same as the After Rates volume for the 3 year forecast period, the financial value of the NSA would change as follows:
  - Year 1, an increase of \$187,567
  - Year 2, a decline of \$296,665
  - Year 3, a decline of \$304,257
- b. No. The Before Rates volume forecasts for 2008-2010 remain the same.
- c. N/A
- d. The forecasts and thresholds have not changed because the financial impact on the Postal Service in Year 1 will only result in exposure of \$100,000.

Revised 10/26/07

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE

**OCA/USPS-T1-1.** Please refer to your testimony, Appendix A, page 3, which presents Life Line Screening's Standard Mail Regular and ECR letter unit revenue in column (1), entitled "Revenue per piece." Please provide electronic workpapers showing the development of the "Revenue per piece" figures for letters shown in column (1). Also, please provide citations to all figures used.

**RESPONSE:**

Please see the attached file "Table 1 (MC2007-5)."

Revised 10/26/07

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
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**OCA/USPS-T1-2.** Please refer to your testimony, Appendix A, page 3, which presents the volumes for Life Line Screening's Standard Mail Regular and ECR letters in column (2), entitled "Volume." Please provide electronic workpapers showing the development of the "Volume" figures for letters shown in column (2). Also, please provide citations to all figures used.

**RESPONSE:**

Please see the attached file "Table 1 (MC2007-5)."

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**OCA/USPS-T1-3.** Please refer to your testimony, Appendix A, page 4, which presents Life Line Screening's Standard Mail Regular and ECR letter unit costs in the column (1), entitled "TYAR 2008 Total Unit Cost (Dollars)." Please provide electronic workpapers showing the development of the "TYAR 2008 Total Unit Cost" figures for Standard Mail Regular and ECR letters shown in column (1). Also, please provide citations to all figures used.

**RESPONSE:**

Please see the attached file "OCA\_T1\_3\_Table 2.xls".

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**OCA/USPS-T1-4.** Please refer to your testimony, Appendix A, page 4, which presents Life Line Screening's Standard Mail Regular and ECR letter unit costs in column (1), entitled "TYAR 2008 Total Unit Cost (Dollars)." Also, please refer to Note (1), which references the sources used to develop the unit costs for Regular letters in column (1).

- a. Please confirm that you relied on PRC-LR-22, Docket No. R2006-1, as the basis for developing the "TYAR 2008 Total Unit Cost[s]" for Life Line Screening's Standard Mail Regular and ECR letters. If you do not confirm, please explain.
- b. In Docket No. R2006-1, please confirm that the Commission relied on PRC-LR-15, which contains the calculation of the Commission's recommended rates for Standard Mail Regular and ECR letters and flats, as the basis for the Standard Mail Regular and ECR letters rate design, and that PRC-LR-15 identified total unit costs for Standard Mail Regular and ECR letters. If you do not confirm, please explain.
- c. Please provide a detailed explanation of why you used PRC-LR-22 rather than PRC-LR-15 as the basis for developing the "TYAR 2008 Total Unit Cost[s]" for Life Line Screening's Standard Mail Regular and ECR letters. In your explanation, please identify any differences between PRC-LR-22 and PRC-LR-15, and explain how your use of PRC-LR-22 rather than PRC-LR-15 affected the development of the "TYAR 2008 Total Unit Cost[s]" for Life Line Screening's Standard Mail Regular and ECR letters.

**RESPONSE:**

- a. Confirmed.
- b. Confirmed that the Commission apparently relied upon PRC-LR-15 in determining the rates for Standard Mail Regular and ECR letters and flats, but not confirmed that PRC-LR-15 "identified total unit costs for Standard Mail Regular letters." For example, please refer to column I of tab "unitcost" in file PRCRegNPRates.xls. The heading of column I is "Total Unit Cost". However, as can be seen by clicking on any of the cells therein, the costs under the heading "Total Unit Cost" only include the mail processing and delivery unit costs, not the total costs which would encompass all cost segments and components.
- c. As noted in the response to part b above, the "Total Unit Cost" figures in PRC-LR-15 did not actually include total unit costs, but rather, only mail processing

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and delivery costs. While the sum of these two costs may have been sufficient for the Commission to differentiate among shapes and presort levels for purposes of setting rates, using the sum of mail processing and delivery unit costs for purposes of estimating the unit contribution for pieces added to the postal mail stream as a result of this NSA would have overestimated the unit contribution; total unit costs encompassing all cost segments and components had to be developed in order to develop unit contribution estimates for the new volume. The only apparent source of total costs in the Commission's workpapers was the final adjustment model, where the detailed mail processing and delivery costs varying by shape and presort level were provided, as well as all other costs.



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**OCA/USPS-T1-5.** Please refer to your response to APWU/USPS-T1-5, which states, in part, "The FY 2007 actual volume for Life Line Screening's Standard Mail solicitation letters was 106,267,407." Please provide the FY 2007 billing determinants for Life Line Screening's Standard Mail solicitation letters volume of 106,267,407 in the same format as in Table 1, provided in the Excel file "Table 1 (MC2007-5).xls" in response to OCA/USPS-T1-1-2 (revised 10-26-07).

**RESPONSE:**

Please see the attached file "LLS BD file\_FY07 final.xls" in Excel format. The first tab, labeled Pre-R2006, represents LLS billing determinants for the time period October 1, 2006 until May 13, 2007 and is presented in the same format as "Table 1 (MC2007-5).xls" which was provided in response to OCA/USPS-T1-1-2. The next tab, labeled Post\_R2006, represents LLS billing determinants for the time period May 14, 2007 until September 30, 2007. The final tab, labeled LLS BD, represents the total volume of the first two worksheets.

## LLS BD file\_FY07 final.xls

## Life Line Screening

## FY07 Standard Mail Billing Determinants

Mail Category	Volume
<b>Letters</b>	
Automation	55,852,287
Mixed ADC	3,006,046
None	2,411,170
DBMC	594,876
AADC	3,658,914
None	2,896,236
DBMC	707,469
DSCF	55,209
3-Digit	18,183,230
None	11,125,219
DBMC	6,019,524
DSCF	1,038,487
5-Digit	31,004,097
None	3,627,995
DBMC	10,310,228
DSCF	17,065,874
Nonauto	71,177
Basic	69,754
None	68,127
DBMC	101
DSCF	1,526
3/5-Digit	1,423
None	1,054
DBMC	369
DSCF	-
ECR	231,339
Auto Basic	83,618
None	34,828
DBMC	48,790
DSCF	-
Basic	147,721
None	79,024
DBMC	68,697
DSCF	-
DDU	-
High Density	0
None	-
DBMC	-
DSCF	-
DDU	-

## Provided in Response to OCA/USPS-T1-5

## Life Line Screening

## FY07 Standard Mail Billing Determinants

Mail Category	Revenue	Revenue Per Piece	Volume
<b>Letters</b>			
Automation			
Mixed ADC	\$	0.245	3,006,046
AADC	\$	0.231	3,658,914
3-Digit	\$	0.220	18,183,230
5-Digit	\$	0.184	31,087,715
Nonauto			
Mixed ADC	\$	0.255	30,996
AADC	\$	0.244	38,758
3-Digit	\$	0.406	929
5-Digit	\$	0.312	494
ECR			
Basic	\$	0.211	147,721
High Density	\$	-	-
<b>Letters</b>			
Automation	11,295,988	\$ 0.202	55,935,905
Mixed ADC	737,893	\$ 0.245	3,006,046
None	607,615	\$ 0.252	2,411,170
DBMC	130,278	\$ 0.219	594,876
AADC	845,156	\$ 0.231	3,658,914
None	689,304	\$ 0.238	2,896,236
DBMC	145,031	\$ 0.205	707,469
DSCF	10,821	\$ 0.196	55,209
3-Digit	3,994,432	\$ 0.220	18,183,230
None	2,592,176	\$ 0.233	11,125,219
DBMC	1,203,905	\$ 0.200	6,019,524
DSCF	198,351	\$ 0.191	1,038,487
5-Digit	5,718,508	\$ 0.184	31,087,715
None	798,495	\$ 0.218	3,662,823
DBMC	1,916,418	\$ 0.185	10,359,018
DSCF	3,003,594	\$ 0.176	17,065,874
Nonauto	17,903	\$ 0.252	71,177
Mixed ADC	7,900	\$ 0.255	30,996
None	7,892	\$ 0.255	30,950
DBMC	10	\$ 0.222	46
AADC	9,468	\$ 0.244	38,758
None	9,145	\$ 0.246	37,177
DBMC	12	\$ 0.213	55
DSCF	311	\$ 0.204	1,526
3-Digit	377	\$ 0.406	929
None	326	\$ 0.411	793
DBMC	51	\$ 0.378	136
DSCF	-	\$ -	-
5-Digit	154	\$ 0.312	494
None	86	\$ 0.328	261
DBMC	69	\$ 0.295	233
DSCF	-	\$ -	-
ECR	31,118	\$ 0.211	147,721
Basic	31,118	\$ 0.211	147,721
None	17,859	\$ 0.226	79,024
DBMC	13,259	\$ 0.193	68,697
DSCF	-	\$ -	-
High Density	-	\$ -	-
None	-	\$ -	-
DBMC	-	\$ -	-
DSCF	-	\$ -	-

LLS BD file\_FY07 final.xls  
Life Line Screening  
FY07 Standard Mail Billing Determinants

## Mail Category

## Letters

Automation	49,355,107
Mixed AADC	1,873,538
None	1,501,491
DBMC	372,047
AADC	1,946,725
None	1,415,631
DBMC	478,980
DSCF	52,114
3-Digit	10,329,489
None	4,150,285
DBMC	4,864,204
DSCF	1,315,000
5-Digit	35,205,355
None	1,994,582
DBMC	13,150,337
DSCF	20,060,436
Auto Mach.	757,497
Mixed AADC	330,238
None	212,122
DBMC	118,116
AADC	427,259
None	213,653
DBMC	178,376
DSCF	35,230
ECR	-
Basic	-
None	-
DBMC	-
DSCF	-
High Density	-
None	-
DBMC	-
DSCF	-

Provided In Response to OCA/USPS-T1-5  
Life Line Screening  
FY07 Standard Mail Billing Determinants

Mail Category	Revenue	Revenue Per Piece	Volume
<b>Letters</b>			
Automation			
Mixed AADC	\$	0.245	1,873,538
AADC	\$	0.229	1,946,725
3-Digit	\$	0.212	10,329,489
5-Digit	\$	0.182	35,205,355
Nonauto			
Mixed AADC	\$	0.243	330,238
AADC	\$	0.229	427,259
3-Digit	\$	-	-
5-Digit	\$	-	-
ECR			
Basic	\$	-	-
High Density	\$	-	-
<b>Letters</b>			
Automation	9,494,470	\$ 0.192	49,355,107
Mixed AADC	459,854	\$ 0.245	1,873,538
None	378,376	\$ 0.252	1,501,491
DBMC	81,478	\$ 0.219	372,047
AADC	445,325	\$ 0.229	1,946,725
None	336,920	\$ 0.238	1,415,631
DBMC	98,191	\$ 0.205	478,980
DSCF	10,214	\$ 0.196	52,114
3-Digit	2,191,022	\$ 0.212	10,329,489
None	967,016	\$ 0.233	4,150,285
DBMC	972,841	\$ 0.200	4,864,204
DSCF	251,165	\$ 0.191	1,315,000
5-Digit	6,398,268	\$ 0.182	35,205,355
None	434,819	\$ 0.218	1,994,582
DBMC	2,432,812	\$ 0.185	13,150,337
DSCF	3,530,637	\$ 0.176	20,060,436
Non-Auto Mach.	178,053	\$ 0.235	757,497
Mixed AADC	80,313	\$ 0.243	330,238
None	54,091	\$ 0.255	212,122
DBMC	26,222	\$ 0.222	118,116
AADC	97,740	\$ 0.229	427,259
None	52,559	\$ 0.246	213,653
DBMC	37,994	\$ 0.213	178,376
DSCF	7,187	\$ 0.204	35,230
ECR	\$	-	0
Basic	\$	-	0
None	\$	-	0
DBMC	\$	-	0
DSCF	\$	-	0
High Density	\$	-	0
None	\$	-	0
DBMC	\$	-	0
DSCF	\$	-	0

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Life Line Screening  
FY07 Standard Mail Billing Determinants

Provided in Response to OCA/USPS-T1-5  
Life Line Screening  
FY07 Standard Mail Billing Determinants

Mail Category	Volume
<b>Letters</b>	
Automation	105,291,012
Mixed ADC	4,879,584
None	3,912,661
DBMC	966,923
AADC	5,605,639
None	4,311,867
DBMC	1,186,449
DSCF	107,323
3-Digit	28,512,719
None	15,275,504
DBMC	10,883,728
DSCF	2,353,487
5-Digit	66,293,070
None	5,657,405
DBMC	23,509,355
DSCF	37,126,310
Auto Mach.	828,674
ed AADC	361,234
None	243,072
DBMC	118,162
AADC	466,017
None	250,830
DBMC	178,431
DSCF	36,756
3-Digit	929
None	793
DBMC	136
DSCF	0
5-Digit	494
None	261
DBMC	233
DSCF	-
ECR	147,721
Basic	147,721
None	79,024
DBMC	68,697
DSCF	-
High Density	0
None	0
DBMC	0
DSCF	0

Mail Category	Revenue	Revenue Per Piece	Volume
<b>Letters</b>			
Automation	20,790,458	\$ 0.197	105,291,012
Mixed ADC	1,197,747	\$ 0.245	4,879,584
None	985,991	\$ 0.252	3,912,661
DBMC	211,756	\$ 0.219	966,923
AADC	1,290,482	\$ 0.230	5,605,639
None	1,026,224	\$ 0.238	4,311,867
DBMC	243,222	\$ 0.205	1,186,449
DSCF	21,035	\$ 0.196	107,323
3-Digit	6,185,454	\$ 0.217	28,512,719
None	3,559,192	\$ 0.233	15,275,504
DBMC	2,176,746	\$ 0.200	10,883,728
DSCF	449,516	\$ 0.191	2,353,487
5-Digit	12,116,776	\$ 0.183	66,293,070
None	1,233,314	\$ 0.218	5,657,405
DBMC	4,349,231	\$ 0.185	23,509,355
DSCF	6,534,231	\$ 0.176	37,126,310
Nonauto	75,104	\$ 0.091	828,674
Mixed ADC	29,068	\$ 0.080	361,234
None	-	-	243,072
DBMC	29,068	\$ 0.246	118,162
AADC	45,504	\$ 0.098	466,017
None	-	-	250,830
DBMC	38,006	\$ 0.213	178,431
DSCF	7,498	\$ 0.204	36,756
3-Digit	377	\$ 0.406	929
None	326	\$ 0.411	793
DBMC	51	\$ 0.378	136
DSCF	-	-	0
5-Digit	154	\$ 0.312	494
None	86	\$ 0.328	261
DBMC	69	\$ 0.295	233
DSCF	-	-	-
ECR	17,859	\$ 0.121	147,721
Basic	17,859	\$ 0.121	147,721
None	17,859	\$ 0.226	79,024
DBMC	-	-	68,697
DSCF	-	-	-
High Density	-	-	-
None	-	-	-
DBMC	-	-	-
DSCF	-	-	-